

JOZINI MUNICIPALITY
AUDITED FINANCIAL STATEMENTS

	Page Number
1 GENERAL INFORMATION	1
2 TREASURER'S REPORT	2 - 3
3 ACCOUNTING POLICIES	4 -7
4 BALANCE SHEET	8
5 INCOME STATEMENT	9
6 CASH FLOW STATEMENT	10
7 NOTES TO THE FINANCIAL STATEMENTS	11- 15
8 APPENDICES	16 - 20

- A STATUTORY FUNDS, RESERVES AND PROVISIONS**
- B EXTERNAL LOANS AND INTERNAL ADVANCES**
- C ANALYSIS OF FIXED ASSETS**
- D ANALYSIS OF OPERATING INCOME AND EXPENDITURE**
- E DETAILED INCOME STATEMENT**



Prepared by: Finance Department
CFO - Mr. TV Mdluli

JOZINI MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF THE JOZINI MUNICIPALITY EXECUTIVE COUNCIL

1 Cllr. T.P. Mthethwa	Her Worship - The Mayor
2 Cllr. J.O. Gumbi	Deputy Mayor
3 Cllr. P.J. Mabuyakhulu	Speaker
4 Cllr. T.D. Khuzwayo	Exco Member
5 Cllr. R.M. Mathenjwa	Exco Member
6 Cllr. H.S. Ngxongo	Exco Member
7 J. Siyaya	Exco Member

MEMBERS OF THE JOZINI MUNICIPALITY COUNCIL

Cllr. B.B. Fakude	Cllr. N.L. Mathenjwa	Cllr. B.P. Nhlenyama
Cllr. N.G. Fakude	Cllr. P.R. Mngomezulu	Cllr. T.Z. Nyawo
Cllr. P.S. Gina	Cllr. G.P. Moodley	Cllr. B.A. Thabethe
Cllr. B.P. Gumede	Cllr. M.P. Mpanza	Cllr. S.A. Tembe
Cllr. T.M. Gumede	Cllr. M.J. Mpontshane	Cllr. T.G. Mathe
Cllr. V.S. Gumede	Cllr. M.H. Myeni	Cllr. B.J. Qwabe
Cllr. N.S. Madie	Cllr. N.J. Myeni	Cllr. B.Z. Mngomezulu
Cllr. P.B. Madlopha	Cllr. R.V. Myeni	Cllr. M. Nyawo

GRADING OF THE LOCAL AUTHORITY

Grade: Two

AUDITORS

Office of the Auditor-General

BANKERS

First National Bank of South Africa
ABSA Bank

REGISTERED OFFICE

Circle Street, Bottom Town
Jozini
3969

Telephone: (035) 572 1292
Facsimile: (035) 572 1266

MUNICIPAL MANAGER

Mr. Noel N Nkosi
Matric, Executive Leadership Development Programme - Municipal Manager's Certificate
(School of Public Administration and Development Management, UKN)

CHIEF FINANCIAL OFFICER

Mr. Thabani V. Mdluli
Matric, N5 Financial Management, Executive Leadership Development Programme - Municipal Manager's Certificate
(School of Public Administration and Development Management, UKN)

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages to were approved by the Chief Executive Officer on
and presented to and approved by Council on

MUNICIPAL MANAGER

CHIEF FINANCIAL OFFICER

FOREWORD BY THE MAYOR

1. Good Governance

Internal Audit

The municipality has employed the services of PriceWaterHouseCoopers to act as internal auditors in order to promote good governance in the running of the municipality.

Audit Committee

The council has nominated the Executive Committee to act as the audit committee as an interim arrangement while the process of forming the Audit Committee is under way. The Audit Committee will be part of the shared service with the uMkhanyakude District Municipality.

Other good governance initiatives

Public Participation

IDP roadshows has been conducted in various areas within the municipality in conjunction with the uMkhanyakude District Municipality.

Ward committees has been offered training on how to run the meetings and discussions in all municipal wards.

Through sport, council has been able to involve the communities especially the youth.

The council has also taken a stride into the improvement of gender equity by hosting activities such as the Women's Day Celebrations and the launching of the Local Aids Council.

2. IDP Objectives vs Service Delivery

Vision and Mission

To improve the quality of life for all residents through the provision of :

- * Adequate / appropriate infrastructure
- * Employment and investment opportunities
- * Social empowerment
- * In an environmentally sustainable manner.

Summary of IDP

Water

Because of the powers and function, water function was transferred to the uMkhanyakude District Municipality.

Through the MIG (Municipal Infrastructure Grant) the water schemes were rehabilitated and the backlog will be addressed.

This function is the prioritised function in the municipality.

Financing

Most infrastructure projects are funded through the Municipal Infrastructure Grant in the uMkhanyakude District Municipality.

Highlights of Long - term budgeting forecast

In the next financial years, Council hope to achieve the completion of the following projects that are in the Intergrated Development Plan:

- * Housing - Siqakatha, Sbongile and ward 5
- * Jozini Library
- * Water schemes
- * LED Projects

TP Madlopha
Mayor

JOZINI MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

TREASURER'S REPORT

1 OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2004 are as follows

	ACTUAL 2003	ACTUAL 2004	VARIANCE 2003/2004	BUDGET 2004	VARIANCE ACTUAL/BUDGET
	R	R	%	R	%
Opening Surplus	1,505,752	3,796,988	152.17%		
Operating Income for the year	19,086,644	15,436,144	-19.13%	27,889,745	
	20,592,396	19,233,132		27,889,745	
EXPENDITURE					
Operating Expenditure for the year	14,423,708	14,074,209	-2.42%	27,679,717	
Sundry transfers					
Closing surplus/deficit	3,796,988	2,056,526	-45.84%	210,029	
	18,220,696	16,130,735		27,889,746	

The decrease in Income is attributable to the functions of Sewerage, Water and Electricity being transferred as from 1 July 2003 to Umkhanyakude District Municipality in terms of the division of powers and functions. See comments under Rates and General Services for explanations on the actual vs. budget variances.

1.1 Rates and General services

	ACTUAL 2003	ACTUAL 2004	VARIANCE 2003/2004	BUDGET 2004	VARIANCE ACTUAL/BUDGET
	R	R	%	R	%
Income	15,237,553	15,436,144	1.30%	27,889,745	55.35%
Expenditure	10,476,452	14,074,209	34.34%	27,679,717	50.85%
Surplus/(Deficit)	4,761,101	1,361,935		210,028	
Surplus/(Deficit) as % of total income	31.25%	8.82%		0.75%	

The budgeted income include an amount of R11,379,396 provided for anticipated grants from government for, amongst others, capital development. The majority of these grants received has been utilized for capital and thus is not being reflected as operational income. If this amount is deducted from the income budget the variance is only 6.96%. The main reason for this lower income is attributable to the income from assessment rates (28%), interest received (21%) and refuse

1.2 charges (33%) which did materialize as expected.

As with the income budget, capital expenditure amounting to R11,339,890 was included in the operational budget to be financed from income (grants). These expenditure was debited to the capital budget and not as a contribution from income to capital and therefore the variance of 50%.

Trading service

Sewerage, Water and Electricity services

After the demarcation and local government elections in 2000, powers and functions were through legislation, divided between district and local municipalities. Trading services were allocated to the district municipality and for an interim period local municipalities provided the services to the community on behalf of the district municipality. As at 30 June 2003 the services were separated and all assets and liabilities were then transferred to the district. Income received and payments made for any of these services on behalf of the district are treated as either a debtor or creditor as the case may be.

2 CAPITAL EXPENDITURE AND FINANCING

Expenditure on Fixed assets during the year amounted to R6,068,517; 483.62% more than the previous year.

	ACTUAL 2003 R	BUDGET 2004 R	ACTUAL 2004 R
Land & Buildings	690,735	0	30,281
Furniture & Fittings	105,913	0	2,408,117
Computers	109,052	0	0
Plant & Equipment	0	0	0
Motor Vehicles	219,347	0	0
Roads & Streets	129,769	0	2,976,787
Parks & Recreations	0	0	0
Grounds & Fences	0	0	0
Stormwater & Drains	0	0	318,241
Library	0		6,612
Miscellaneous	1		112,575
Sewerage Works	0		215,904
	1,254,817	0	6,068,517

The Sewerage, Water and Electricity assets has been transferred to uMkhanyakude District Municipality.

Capital expenditure on Sewerage Works (R112,575) as shown in the above table has been transferred with all other capital works to the district municipality with effect from 1 July 2003.

A complete analysis of capital expenditure per department, classification or service is included in appendix C.

Resources used to finance the fixed assets were as follows:

	ACTUAL 2003 R	BUDGET 2004 R	ACTUAL 2004 R
Contribution from revenue	0		6,826
Grants	1,254,817	0	6,061,691
Internal Loans	0	0	0
	1,254,817	0	6,068,517

More details regarding internal advances used to finance fixed assets are shown in appendix B.

3 EXTERNAL LOANS, INVESTMENTS AND CASH.

External loans outstanding on 30 June 2004 amount to R Nil (R2,710,373 in 2003) as set out in appendix B. During the year loans totaling R2,710,373 were repaid.

Investments and cash on 30 June 2004 amount to R12,517,491(R14,485,865 in 2003)

More information regarding loans and investments are disclosed in note 3 and 6 of the financial statements.

4 FUNDS, RESERVES AND PROVISIONS

The movement regarding statutory funds, reserves and provisions is disclosed in the notes and Appendix A to the financial statements.

5 APPRECIATION

I would like to thank the Mayor, the deputy Mayor, Speaker, the Chairman and Members of the executive Committee, and other Councilors, the Municipal Manager and Departmental Heads for the support they have given me and my personnel during the year. A special word of thanks to the Department of Traditional and Local Government Affairs, the consultants and personnel of the Finance Department for their loyal and commitment in preparing the financial accounts of our municipality.

Chief Financial Officer
22-Sep-04

JOZINI MUNICIPALITY

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

- 1.1 The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Accounting Practice (1997) and Report on the Published Annual Financial Statements of Local Authorities
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in accounting policy note three. The accounting policies are consistent with those applied in the previous year, except if otherwise
- 1.3 The financial statements are prepared on the accrual basis:
 - 1.3.1 Income is accrued when collectable and measurable. Certain direct income is accrued when received such as traffic fines and certain licenses.
 - 1.3.2 Expenditure is accrued in the year in which it is incurred.

2. CONSOLIDATION

The balance sheet includes the Rates and General Service, Housing Service, Trading Services and the different funds, reserves and provisions. All inter departmental charges are set-off against each other with the exception of assessment rates, refuse removal

3. FIXED ASSETS

- 3.1 Fixed assets are stated at:
 - 3.1.1 historical cost, or
 - 3.2.1 valuation (based on the market price at the date of acquisition), where assets have been acquired by grant or donation,

Whilst they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated useful life as determined by the Treasurer.

3.2 DEPRECIATION

- 3.2.2 The balance shown against the heading "Loans Redeemed and Other Capital receipts" in the notes to the balance sheet is tantamount to a provision for depreciation; however, certain structural differences

do exist. By way of this "Provision" assets are wr

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against operating income and therefore it is unnecessary to make any further provision for
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loan redeemed and Other Capital Receipts" account.

3.3 All net proceeds from the sale of fixed property are credited to either the public improvement Fund or Capital Development Fund, depending on which fund the property was acquired for and charged to. Net proceeds from the sale of all other assets are cre

3.4

Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advance. These loans and advances are repaid within the estimated useful lives of the assets acquired from such loans and advances. Int

4. INVENTORY

Inventory represents consumable stores and is reflected at the lower of average cost and net realizable value.

5. FUNDS, RESERVES AND PROVISIONS

5.1 Capital Development Fund

Section 109(9)(b) of the Local Authorities ordinance 1974 (NO 25 of 1974) states inter alia that Council shall pay unto each Capital Development Fund not less than three per cent of the annual revenue accruing to the Borough Fund and to the relevant Tradi

5.2 Public Improvement Fund

All monies raised in terms of section 1003(3) of the Local Authorities Ordinance 1974 (Ord No. 25 of 1974) are paid into the Public Improvement Fund. Advances from the Fund are repaid with the rate of interest determined by the Council.

5.3 Housing Operating Account

In terms of the Housing Act (Act 107 of 1997), the following has been implemented:-

- Amounts owing in respect of Provincial Housing Board loans, which have been extinguished have been reflected in the Housing Operating Account.
- Fixed assets and housing debtors relating to these loans have been retained in the housing service.
- All monies held in the Housing Operating Account not used, are invested with a public institution in accordance with the Housing Act. Interests received on such amounts invested are held for future

housing development.

5.4 Leave Pay Provision

The Leave Pay Provision was established in order to provide for accrued leave payments to all employees who are resigning or retiring from service as well as commutation of leave accruals during the year.

6. RETIREMENT BENEFITS

Current contributions, past service costs and service adjustments are charged against operating income on the basis of current service costs.

7. SURPLUSES AND DEFICITS

Any surpluses or deficits arising from the operation of the electricity and water services are retained in the Services for their own use.

8. LEASED ASSETS

Fixed assets held under finance leases are capitalized. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilized in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the asset concerned.

9. INVESTMENTS

Investments are shown at the lower of cost or, if a permanent decline in their value occurred, at market value.

10. INCOME RECOGNITION

10.1 Assessment rates

The Council applies a differential site rating system. In terms of the system the assessment rates are levied on the land value of property, and rebates are granted according to the use to which a particular property is put. A differential rate is appli

JOZINI MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2004

	Note	2004 R	2003 R
<u>CAPITAL EMPLOYED</u>			
FUNDS AND RESERVES		11,109,732	12,160,543
Statutory Funds	1	1,274,739	1,034,621
Reserves	2	9,834,993	11,125,922
ACCUMULATED SURPLUS		2,056,526	3,796,988
LONG-TERM LIABILITIES	3	-	2,227,272
CONSUMER DEPOSITS	4	-	95,901
		<u>13,166,258</u>	<u>18,280,704</u>
<u>EMPLOYMENT OF CAPITAL</u>			
FIXED ASSETS	5	-	1,383,871
INVESTMENTS	6	13,845,897	14,485,865
NET CURRENT ASSETS/(LIABILITIES)		-679,639	2,410,969
CURRENT ASSETS		2,204,927	5,497,030
Inventory	8	-	-
Debtors	9	2,204,927	5,423,264
Cash at Bank	7	-	73,766
CURRENT LIABILITIES		2,884,566	3,086,061
Provisions	10	391,378	496,011
Creditors	11	1,700,612	2,106,949
Short term portion of Long Term Liabilities		-	483,101
Bank overdraft		792,576	-
		<u>13,166,258</u>	<u>18,280,704</u>

JOZINI MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003 ACTUAL INCOME R	2003 ACTUAL EXPENDITURE R	2003 SURPLUS/ (DEFICIT) R
15,237,553	10,476,452	4,761,101
13,826,449	9,756,872	4,069,577
-	-	-
1,411,104	719,580	691,524
3,849,091	3,947,256	-98,166
<u>19,086,644</u>	<u>14,423,708</u>	<u>4,662,935</u>
		<u>-2,371,698</u>
		<u>2,291,237</u>
		<u>1,505,752</u>
		<u>3,796,988</u>

	2004 ACTUAL INCOME R	2004 ACTUAL EXPENDITURE R	2004 SURPLUS/ (DEFICIT) R	2003 BUDGET SURPLUS/ (DEFICIT) R
RATES AND GENERAL SERVICES	15,436,144	14,074,209	1,361,935	210,029
Community Services	15,097,359	13,587,226	1,510,133	1,140,268
Subsidised Services	-	-	-	-445,239
Economic Services	338,785	486,983	-148,198	-485,000
TRADING SERVICES	-	-	-	-
TOTAL	<u>15,436,144</u>	<u>14,074,209</u>	<u>1,361,935</u>	<u>210,029</u>
Appropriations for the year			-3,102,397	
Net surplus for the year			-1,740,462	
Accumulated surplus beginning of the year			3,796,988	
Accumulated surplus end of the year			<u>2,056,526</u>	

JOZINI MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

	NOTE	2004 R	2003 R
CASH RETAINED FROM OPERATING ACTIVITIES			
		6,091,706	6,922,499
Cash utilised by operations	16	-10,067,452	4,558,169
Investment Income		1,059,428	1,507,684
(Increase)/Decrease in Working Capital	17	2,716,099	4,813,172
		-6,291,925	10,879,025
Less: External Interest paid		-789	-390,040
Cash utilised by operations		-6,292,714	10,488,985
Operating Grants		6,929,708	-3,566,486
Proceeds on disposal of fixed assets		40,271	-
Capital contributions from the Public and state		5,414,441	-
CASH UTILISED IN INVESTING ACTIVITIES:			
Investments in Fixed Assets		-6,068,517	-1,504,572
		-	-
NET CASH FLOW		23,189	5,417,927
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease)/Increase in Long-term Loans	18	-2,710,373	-379,624
Decrease/(Increase) in Cash investments	19	1,968,374	-14,485,865
Decrease/(Increase) in Cash	20	718,810	9,447,561
NET CASH GENERATED/(UTILISED)		-23,189	-5,417,928

JOZINI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	<u>2004</u> <u>R</u>	<u>2003</u> <u>R</u>
1 STATUTORY FUNDS		
Consolidated Capital Development Fund	1,138,618	913,669
Public Improvement Fund	136,121	120,952
(Appendix A for more detail)	<u>1,274,739</u>	<u>1,034,621</u>
2 RESERVES		
General reserves	-	84,496
Establishment Grant	1,624,779	3,723,378
Free Water Grant	-	526,657
IDP	246,716	33,763
Communication	37,938	36,320
Roads	1,159,679	4,023,522
Tax Grant	652,845	625,000
Lums	93,828	200,000
HR/Fin Grant	248,906	244,430
LED Grant	813,922	306,604
Library	95,468	-
GIS	71,559	-
Performance Management System	-176,435	-
PMF Grant	1,000,000	-
Emergency Relief Fund	293,564	327,388
Microdams	159,983	464,614
Sanitation	-	529,750
Housing	3,512,241	-
(Appendix A for more detail)	<u>9,834,993</u>	<u>11,125,922</u>
3 LONG TERM LIABILITIES		
Special Revolving Fund	-	2,710,373
		2,710,373
Less: Current portion transferred to current liabilities	-	483,101
	<u>-</u>	<u>2,227,272</u>
(Refer to Appendix B for detail on loan period, interest rate and repayment dates)		
4 CONSUMER DEPOSITS		
Electricity & Water Services	-	95,901
	<u>-</u>	<u>95,901</u>
5 FIXED ASSETS		
Fixed assets at the beginning of the year	17,632,975	16,362,341
Capital outlay during the year	6,068,517	1,270,635
	<u>23,701,492</u>	<u>17,632,976</u>
Less: Assets written off, transferred or disposed of during the year	7,567,469	-
Total fixed assets	16,134,023	17,632,976
Less: Loans redeemed and other capital receipts	16,134,023	16,249,105
Nett fixed assets	<u>-</u>	<u>1,383,871</u>
There are no lease agreements and none of the assets have been secured.		
(Appendix C for more detail)		

JOZINI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	<u>2004</u> <u>R</u>	<u>2003</u> <u>R</u>
6 INVESTMENTS		
Unlisted		
FNB Call account	7,999,763	9,100,921
ABSA Call account	5,846,134	5,384,943
	<u>13,845,897</u>	<u>14,485,865</u>
Total Investments		
	<u>13,845,897</u>	<u>14,485,865</u>
Management's valuation of unlisted investments	4.89%	0%
Average gross rate of return on investments		
Local authorities are required to invest funds which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate to meet commitments.		
No investments have been written off during the year.		
7 CASH AT BANK/ (BANK OVERDRAFT)		
Current account	-792,576	73,766
	<u>-792,576</u>	<u>73,766</u>
8 INVENTORY		
Inventory represents consumable stores	<u>-</u>	<u>-</u>
9 DEBTORS		
Current debtors - rates and services	1,777,482	7,342,376
R293 Grant	-	2,295,945
Umkhanyakude - Transfer of functions	728,736	
Sundry Debtors	264,068	976,031
	<u>2,770,286</u>	<u>10,614,352</u>
Less: Provision for bad Debt	565,359	5,191,088
	<u>2,204,927</u>	<u>5,423,264</u>
Days outstanding in debtors amount to	400	433
10 PROVISIONS		
Audit Fees	-	152,863
Leave Pay	391,378	343,149
(Appendix A for more detail)	<u>391,378</u>	<u>496,011</u>
11 CREDITORS		
Trade Creditors	9,440	2,106,949
Other Creditors	857,626	
Audit fees	285,000	
Purchase of Ingwavuma Sites	108,467	
Vat payable	440,079	
	<u>1,700,612</u>	<u>2,106,949</u>

JOZINI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	<u>2004</u> <u>R</u>	<u>2003</u> <u>R</u>
12 ASSESSMENT RATES		
Assessment Rates are based on both the difference and valuation rating system. There are only property valuations in Mkuze. Ingwavuma and Ubombo are based on a rate per m2 basis.	<u>738,679</u>	<u>740,158</u>
Valuation on land are performed every five years and the last general valuation came into effect on 1 July 1997.		
13 COMMITTEE MEMBERS' REMUNERATION		
Mayor's Allowances	65,659	100,386
Councilor's Allowances	<u>1,065,152</u>	<u>1,430,182</u>
	<u>1,130,811</u>	<u>1,530,568</u>
14 FINANCE TRANSACTIONS		
External Interest earned or paid	1,058,639	2,220,705
Interest Earned	1,059,428	1,507,684
Interest Paid	789	713,021
Capital charges debited to operating account	-	769,664
Interest		
External	-	379,624
Internal	-	
Redemption		
External	-	390,040
Internal	-	-

JOZINI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	<u>2004</u> <u>R</u>	<u>2003</u> <u>R</u>
15 APPROPRIATIONS		
Appropriation Account		
Accumulated surplus at the beginning of the year	3,796,988	1,505,752
Operating surplus for the year	1,361,935	4,662,935
Appropriations charged against income	-3,102,397	-371,698
Less: Provision for doubtful debts	<u>2,056,526</u>	<u>-2,000,000</u>
	<u>3,796,989</u>	<u>3,796,989</u>
Operating account		
Contributions to fixed assets	6,826	-
Contributions to	463,084	371,698
Capital Development Fund	463,084	171,698
Relief Fund	<u>-</u>	<u>200,000</u>
	<u>469,910</u>	<u>371,698</u>
Accumulated Surplus at end year	<u>469,910</u>	<u>371,698</u>
16 CASH GENERATED BY OPERATIONS		
Surplus/(Deficit) for the year	1,361,935	4,662,935
Previous years operating transactions	-3,102,397	-
Appropriations charged against income:	<u>832,040</u>	<u>-2,371,698</u>
Capital Development Fund	463,084	-171,698
Provisions & Reserves	362,130	-
Fixed Assets	6,826	-
Relief Fund	-	-200,000
Doubtful Debts	<u>-</u>	<u>-2,000,000</u>
Capital Charges	2,710,373	2,266,932
Interest Paid	-	1,507,684
- Internal Funds	-	379,624
- External Loans	-	-
Redemption	-	-
- Internal Advances	-	-
- External Loans	<u>2,710,373</u>	<u>379,624</u>
Grants and Subsidies received from the State	-13,596,468	-
Investment income (Operating Account)	-591,000	-
Non-Operating Income		
Public Improvement Fund	-15,169	-
Consolidated Capital Development Fund	-63,357	-
Provisions & Reserves	-8,938,851	-
Non-Operating Expenditure		
Funds	301,492	-
Provisions & Reserves	11,033,950	-
	<u>-10,067,452</u>	<u>4,558,169</u>
17 (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/Decrease in Current Debtors	3,218,337	4,182,049
Increase/(Decrease) in Creditors	-406,337	631,123
Increase/(Decrease) in consumer Deposits	-95,901	-
	<u>2,716,099</u>	<u>4,813,172</u>

JOZINI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	<u>2004</u> <u>R</u>	<u>2003</u> <u>R</u>
18 INCREASE/(DECREASE) IN LONG-TERM LOANS (EXTERNAL)		
Loans Raised	-	-
Loans Repaid	2,710,373	390,040
	<u>2,710,373</u>	<u>390,040</u>
19 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS		
Investments Made	19,464,171	14,485,865
Investments Realised	-21,432,545	-
	<u>1,968,374</u>	<u>-14,485,865</u>
21 (INCREASE)/DECREASE IN CASH ON HAND		
Balance at beginning of the year	-73,766	9,521,327
Balance at the end of the year	792,576	-73,766
	<u>718,810</u>	<u>9,447,561</u>
21 RETIREMENT BENEFITS		
Employees belong to the following retirement Funds within the Natal Joint Municipal Pension Funds which provide retirement benefit to such employees. All amount due to the to the fund are fully paid up.		
- Superannuation Fund		
- Retirement Fund		
22 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure		
Approved and contracted for	-	2,900,000
Approved but not yet contracted for	-	700,000
	<u>-</u>	<u>3,600,000</u>
This expenditure will be financed from		
Internal sources	-	-
External sources	-	-
Provisional Grant	-	-
	<u>-</u>	<u>-</u>
23 CAPITAL DEVELOPMENT FUND		
Accumulated Fund	1,138,618	913,669
Less Internal Investment in CCDF	-	-
	<u>1,138,618</u>	<u>913,669</u>
24 PUBLIC IMPROVEMENT FUND		
Outstanding advances to borrowing services		
Accumulated fund	136,121	123,780
Less: Internal investment in CPIF	-	-
(Refer appendices B for more detail)	<u>136,121</u>	<u>123,780</u>
25 CONTINGENT LIABILITIES		
There are no contingent liabilities to report on.		

JOZINI MUNICIPALITY

STATUTORY, RESERVE AND TRUST FUNDS, AND PROVISIONS

	BALANCE AT 1 JULY 2003	CONTRIBUTIONS FOR 2003/2004	INTEREST ON INVESTMENTS	OTHER INCOME	INTEREST ON INTERNAL ADVANCES	EXPENDITURE FOR 2003/2004	BALANCE AT 30 JUNE 2004
STATUTORY FUNDS							
Consolidated Capital Development Fund	913,669	463,084	23,086	40,271		301,492	1,138,618
Public Improvement Fund	120,952		6,342	8,827			136,121
	1,034,621	463,084	29,428	49,098	-	301,492	1,274,739
RESERVES							
General reserves	84,496					84,496	-
Establishment Grant	3,723,378		116,538			2,215,137	1,624,779
Free Water Grant	526,657		-			526,657	-
IDP	33,763		6,111	245,000		38,158	246,716
Communication	36,320		1,618				37,938
Roads	4,023,522		112,944			2,976,787	1,159,679
Tax Grant	625,000		27,845				652,845
Lums	200,000		6,403			112,575	93,828
HR/Fin Grant	244,430		10,750			6,274	248,906
LED Grant	306,604		24,417	800,000		317,099	813,922
Library	-		2,080	100,000		6,612	95,468
GIS	-		1,559	70,000			71,559
Performance Management System	-		-	60,000		236,435	-176,435
FMG Grant	-		-	1,000,000			1,000,000
Emergency Relief Fund	327,388		13,531			47,355	293,564
Microdams	464,614		13,610			318,241	159,983
Sanitation	529,750					529,750	-
Housing	-			6,663,851		3,151,610	3,512,241
	11,125,922	-	337,406	8,938,851	-	10,567,186	9,834,993
PROVISIONS							
Audit Fees	152,863	285,000				437,863	-
Leave Pay	343,149	77,130				28,901	391,378
	496,012	362,130	-	-	-	466,764	391,378

JOZINI MUNICIPALITY

EXTERNAL LOANS AND INTERNAL ADVANCES

	Date Raised	Interest Rate	Term	Due Date	BALANCE AT 1 JULY 2003	RECEIVED DURING THE YEAR	REDEEMED OR WRITTEN OFF DURING THE YEAR	BALANCE AT 30 JUNE 2004
<u>EXTERNAL LOANS</u>					<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
229 Refuse Site 37	01-Apr-91	10	15	2006	2,106		2,106	-
275 Refuse Site 37	01-Apr-92	10	15	2007	5,775		5,775	-
276 Refuse Site 37	01-Apr-92	10	15	2007	6,692		6,692	-
342 Refuse Site 37	01-Apr-93	10	15	2008	16,994		16,994	-
375 Refuse Site 37	01-Apr-94	10	15	2009	401		401	-
393 S/W drains 33	01-Apr-95	10	10	2005	4,881		4,881	-
421 Sewerage 62	01-Apr-96	10	10	2006	28,192		28,192	-
437 Roads 33	01-Apr-97	10	10	2007	225		225	-
438 S/W drains 33	01-Apr-97	10	10	2007	175,883		175,883	-
444 Roads 33	01-Apr-98	10	10	2008	101,950		101,950	-
445 S/W drains 33	01-Apr-98	10	10	2008	84,253		84,253	-
454 S/W drains 33	01-Apr-99	10	10	2009	30,032		30,032	-
484 S/W drains 33	30-Jun-01	10	10	2011	460,925		460,925	-
PIN 89 S/W drains		10	10		294		294	-
PIN 90 S/W drains		10	10		895		895	-
PIN 91 T/block		10	10		4,282		4,282	-
PIN 92 Sew ponds		10	10		1,579		1,579	-
470 Sewerage 62	01-Apr-94	16	10	2004	4,896		4,896	-
471 Sewerage 62	01-Apr-98	16	15	2013	57,475		57,475	-
472 Sewerage 62	30-Jun-99	15.5	15	2014	979,912		979,912	-
473 Sewerage 62	30-Jun-00	15.5	14	2015	366,399		366,399	-
PIN Sewerage					1,779		1,779	-
395 Water 71	01-Apr-95	10	10	2005	24,843		24,843	-
414 Water 71	01-Apr-95	10	10	2005	347,649		347,649	-
422 Water 71	01-Apr-96	10	10	2006	1,773		1,773	-
476 Water 71	01-Apr-94	16	10	2004	111		111	-
477 Water 71	01-Apr-95	16	10	2005	177		177	-
					2,710,373	-	2,710,373	-

JOZINI MUNICIPALITY

ANALYSIS OF FIXED ASSETS

EXPENDITURE 2003 R	SERVICE	BUDGET 2004 R	BALANCE AT 1 JULY 2003 R	EXPENDITURE 2004 R	REDEEMED,TRAN SFERRED OR WRITTEN OFF R	BALANCE AT 30 JUNE 2004 R
1,254,818	RATES AND GENERAL SERVICES	-	10,206,903	5,852,613	-	16,059,515
690,735	Land & Buildings		1,995,538	30,281		2,025,819
105,913	Furniture & Fittings		119,096	2,408,117		2,527,213
109,052	Computers		365,740			365,740
-	Plant & Equipment		16,124			16,124
219,347	Motor Vehicles		567,550			567,550
129,769	Roads & Streets		5,673,211	2,976,787		8,649,998
-	Parks & Recreations		264,945			264,945
-	Grounds & Fences		11,839			11,839
-	Stormwater & Drains		1,129,792	318,241		1,448,033
-	Library		-	6,612		6,612
1	Miscellaneous		63,067	112,575		175,642
-						-
-	ECONOMICS SERVICES	-	1,844,367	215,904	1,985,763	74,508
-	Refuse site		74,508			74,508
-	Sewerage works		1,769,859	215,904	1,985,763	-
15,816	TRADING SERVICE	-	5,659,245	-	5,659,245	-
-	Electricity		1,802,858		1,802,858	-
15,816	Water		3,856,387		3,856,387	-
1,270,635	TOTAL FIXED ASSETS	-	17,710,516	6,068,517	7,645,008	16,134,023
-	ACCUMULATED DEPRECIATION		77,540		77,540	-
1,270,635	NETT FIXED ASSETS		17,632,976	6,068,517	7,567,468	16,134,023
1,504,572	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		16,249,105	7,452,388	7,567,469	16,134,022
1,313,984	RATE & GENERAL SERVICES		10,860,334	7,173,482	1,899,793	16,134,022
189,035	Loans redeemed & Advances repaid		829,140	1,752,215	1,977,331	604,024
-	Contributions ex Operating income		28,920	6,826		35,745
1,124,949	Contributions ex Grants & Subsidies		10,002,274	5,414,441	-77,538	15,494,253
190,588	TRADING SERVICES		5,388,771	278,906	5,667,676	-
-	Electricity:					
-	Contributions ex Operating Income		-			-
-	Contributions ex Grant & Subsidies		1,811,291		1,811,291	-
190,588	Water:					
-	Loans redeemed		1,171,787	278,906	1,450,692	-
0	Contributions ex Operating Income		216,708		216,708	-
-	Contributions ex Grant & Subsidies		2,188,985		2,188,985	-
-233,937	NET FIXED ASSETS		1,383,871	-1,383,871	-	-

JOZINI MUNICIPALITY
ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2004

2003		2004	2004
ACTUAL	<u>INCOME</u>	ACTUAL	BUDGET
R		R	R
11,390,095	Provincial Grants and Subsidies	13,596,468	19,734,056
740,158	Assessment rates	738,679	900,000
2,886,846	Water Sales	-	-
626,123	Electricity Sales	-	-
1,935,737	Other Income	509,997	6,505,689
1,507,684	Interest earned	591,000	750,000
<u>19,086,643</u>	Total Income	<u>15,436,144</u>	<u>27,889,745</u>
	<u>EXPENDITURE</u>		
5,997,046	Salaries, Wages and Allowances	7,297,557	9,759,036
3,937,005	General Expenditure	5,137,090	6,052,093
858,546	Repairs and Maintenance	1,092,521	643,760
769,663	Capital Charges	-	-
-	Contributions to Capital Outlay	6,826	10,839,890
2,371,698	Contributions To Funds	540,215	384,938
826,023	Electricity Purchases	-	-
2,035,425	Water Purchases	-	-
<u>16,795,406</u>	Gross Expenditure	<u>14,074,209</u>	<u>27,679,717</u>
-	Less: Amounts Charges out	-	-
<u>16,795,407</u>	Net Expenditure	<u>14,074,209</u>	<u>27,679,717</u>

JOZINI MUNICIPALITY
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003 ACTUAL INCOME R	2003 ACTUAL EXPENDITURE R	2003 SURPLUS/ (DEFICIT) R		2004 ACTUAL INCOME R	2004 ACTUAL EXPENDITURE R	2004 SURPLUS/ (DEFICIT) R	2004 BUDGET SURPLUS/ (DEFICIT) R
15,237,553	10,476,452	4,761,101	RATES AND GENERAL SERVICES	15,436,144	14,074,209	1,361,935	210,029
13,826,449	9,756,872	4,069,577	Community Services	15,097,359	13,587,226	1,510,133	1,140,268
-	-	-	Assessment rates	822,440	-	822,440	1,150,000
-	2,193,408	-2,193,408	Council's General Expenditure	-	3,640,205	-3,640,205	-4,385,972
-	1,232,125	-1,232,125	Corporate	-	2,161,936	-2,161,936	-3,094,920
2,436,354	1,564,270	872,084	Finance	678,451	2,172,868	-1,494,417	-1,759,157
11,390,095	2,174,607	9,215,488	Management	13,596,468	1,792,709	11,803,759	22,055,043
-	2,592,462	-2,592,462	Technical	-	-	-	-
-	-	-	Planning&Development	-	2,512,327	-2,512,327	-10,090,769
-	-	-	Public Safety	-	123,548	-123,548	-987,644
-	-	-	Parks&Gardens	-	1,183,633	-1,183,633	-1,746,313
-	-	-	Subsidised Services	-	-	-	-445,239
-	-	-	Cemetery	-	-	-	-
-	-	-	Library	-	-	-	-445,239
1,411,104	719,580	691,524	Economic Services	338,785	486,983	-148,198	-485,000
350,466	382,813	-32,347	Health & Refuse	338,785	486,983	-148,198	-485,000
1,060,638	336,767	723,871	Sewerage	-	-	-	-
3,849,091	3,947,256	-98,166	TRADING SERVICES	-	-	-	-
3,091,047	1,255,663	-497,620	Electricity	-	-	-	-
758,044	2,691,593	399,454	Water	-	-	-	-
19,086,644	14,423,708	4,662,935	TOTAL	15,436,144	14,074,209	1,361,935	210,029
		-2,371,698	Appropriations for the year			-3,102,397	
		2,291,237	Net surplus for the year			-1,740,462	
		1,505,752	Accumulated surplus beginning of the year			3,796,988	
		3,796,988	Accumulated surplus end of the year			2,056,526	

JOZINI MUNICIPALITY

GENERAL STATISTICS

1. Demographic Analysis

This section of the report has been included into the report to show any changes between the 1996 and 2001 census results that have been made available at the municipal ward level.

Amongst other, details are shown for population characteristics, employment and income, access to services etc.

Figure 1: Population Figures

Ward	Population '(1996)	Population '(2001)	Change (%)
1	9058	11,899	31
2	10334	9,578	-7
3	9303	12,836	38
4	5085	7,908	56
5	9301	15,813	70
6	6106	8,001	31
7	8413	10,120	20
8	5057	9,740	93
9	11613	11,272	-3
10	6397	7,026	10
11	11285	10,831	-4
12	14380	18,630	30
13	11879	11,634	2
14	11328	13,895	23
15	12846	14,025	9
16	9305	10,883	17
TOTAL	151690	184091	21

Source: Statistics South Africa (2001)

The above table shows a significant increase in the population figures for Jozini between 1996 and 2001. In seven of the municipal wards a population increase of 30% or more is shown with the total increase at municipal level being 21%.

Figure 2: Population Age Distribution

AGE CATEGORY (YEARS)	TOTAL POPULATION '(1996)	% (1996)	TOTAL POPULATION (2001)	% (2001)
0-4	22493	15.0	26181	14.2
4-14	46901	31.3	57051	31.0
15-34	50927	33.9	62363	33.9
35-64	23772	15.8	31107	16.9
Over 65	5982	4.0	7388	4.0
TOTAL	150075	100	184090	100

Source: Statistics South Africa (2001)

A comparison of 1996 and 2001 population age data shows a slight decrease in the percentage contribution of the 0-4 age cohort and a slight increase in the percentage contribution on the 35-64 age cohort.

2. Valuations

Rateable Property:

Non Rateable Property:

Residential Property:

Commercial Property:

Assessment Rates:

Town	Residential	Commercial	up to 1000m2	+1000m2
Mkuze:	10.98	10.98		
uBombo			180.00	0.30
Ingwavuma			180.00	0.30